Contemporary Marketing Practice:

Theoretical Propositions and Practical Implications

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1. Abstract

Marketing has changed significantly since it first emerged as a distinct business and management phenomenon. We identify some of the major factors causing the observed change in marketing practice. We then describe a classification scheme that is based on transaction marketing and relationship marketing each of which is characterised using five marketing exchange dimensions and four managerial dimensions. The two general marketing perspectives encompass five distinct types of marketing: transaction marketing, database marketing, e-marketing, interaction marketing, and network marketing. We consider real-life (mainly European) companies that have implemented these different marketing approaches. Lastly, we deal with the pedagogical contributions including an examination of how it is possible for business schools to teach the subject of marketing from a relationship marketing perspective in such a way that the relevance and quality of teaching and research in relationship marketing supports students, faculty, and the business community.

Key words: contemporary marketing practice; relationship marketing; transaction marketing; database marketing; e-marketing; interaction marketing; network marketing; marketing education.

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2. Introduction

Marketing has changed significantly since it first emerged as a distinct business and management phenomenon between the First World War and the Second World War. One of the major changes has been that marketing - from having focused initially on gaining new customers - is now more preoccupied with retaining existing customers. Our goals of the article are as follows. In the first part of the article we discuss the many transformations in the practice of marketing that have taken place over the last 80 years or so and, in doing so, the concepts of 'transaction marketing' and 'relationship marketing' are introduced. In the second part we move on to consider a pedagogical framework that has been developed as a means to understand contemporary marketing practice. This framework, which is based upon nine marketing exchange and managerial dimensions, covers five marketing approaches: transaction marketing on the one hand and database marketing, e-marketing, interaction marketing, and network marketing on the other hand. The four latter marketing approaches are all examples of relationship marketing. In the third part we consider how (mainly) European companies have implemented the different types of marketing; we examine companies that have been successful at doing so, and companies that have been less successful. In the fourth and final part of the article we look at the pedagogical contributions, mostly in terms of how it is possible to teach the subject of marketing from a relationship marketing perspective in such a way that the relevance and quality of teaching and research in relationship marketing supports students, faculty, and the business community.

3. Change in Marketing Practice

Let us in the following consider the emergence of marketing as a business and management phenomenon. It is possible to propose that marketing as a business function follows a life cycle (Shaw, 2000). This has been illustrated conceptually in Figure 1.

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Marketing emerged as a distinct business function in the period between the First World War and the Second World War. This was when the classic consumer goods companies such as Unilever and Procter & Gamble started to develop the concepts of product and brand management (Shaw, 2000). Later, through the 1950s and 1960s, there was a huge growth and interest in the subject of marketing, as the frameworks and concepts of transaction marketing were developed (Borden, 1964).

The rise in consumer demand and disposable income, together with new means of mass communication, notably television, stimulated growth. Rapid technological development and innovation, often a by-product of military efforts, produced a continuing stream of new and innovative products. The challenge for businesses during this period can now largely be seen as putting in place the means of production to satisfy growing demand and, at the same time, using marketing techniques to capture consumers entering the market. It was said of this time that the American manufacturing industry could not get it wrong even if it tried (Heskett, 1994). The focus was on gaining these new consumers against a background of unfulfilled demand. Overall, the concept of capturing consumers and satisfying growing demand by using, respectively, marketing techniques and production means was largely a North American one exported to other developed and developing economies.

The series of oil crises of the 1970s brought about significant change, however. The continual rise in consumer demand was halted due to the economic problems experienced, and the high inflation that followed acted to alter consumers' perceptions. The growth of interest in consumer and wider environmental issues has often been symbolically ascribed to the publication of Rachel Carson's book *Silent Spring* that was published more than 40 years ago, in 1962. Consumers increasingly appreciated the power that they have to influence manufacturers. The decline of manufacturing industries saw a rise in service industries, and increased emphasis was now placed on the development of service and the way in which this can be incorporated into products (Gummesson, Lehtinen, and Grönroos, 1997).

Conventional marketing - otherwise known as 4Ps,[5] classic, or transaction marketing - is now seen as deficient in the current business environment (Brady and Davis, 1993; Doyle, 1995). Manufacturers of products today find themselves competing in a very different environment from that of the 1950s and 1960s, as markets are saturated: the automotive industry is often taken as a bellwether for manufacturing, and in Western Europe currently one third of manufacturing capacity is not utilised. Some of the factors, which have resulted in markets becoming saturated, are listed in Table 1.

Maturity can be understood from a number of perspectives including, for example, product and industry. Using the well-established principle of dependent demand inherent within industrial markets (Hutt and Speh, 2001), the size of the industry will be largely determined by the size of the market, which, in turn, can be adjusted for the rate of substitution of products satisfying similar needs, but offering different functionality based on different technologies such as, for example, the substitution of thermionic valves by transistors (Harrigan, 1980). The maturity and decline of both the industry and the firm are, therefore, derived from the lack of organic growth in the market. Decline represents a further evolution in which absolute demand declines in volume terms (Harrigan, 1980). Maturity and decline are representations of the same phenomenon, differing in degree. The unifying characteristic of both of these conditions is the lack of organic growth in the market, at which point sales and marketing actions become critical to the future success of the firm. This is because future revenue and unit volume growth depends on competing directly with other firms for customers and hence market share.

Take in Table 1 About Here

With the nature and degree of change indicated by Table 1 the question therefore arises for manufacturers and service providers as to whether conventional marketing concepts, which were developed in the very different environment of the 1950s and 1960s, are still relevant and appropriate. That is, the conventional marketing concepts were developed with particular application to consumer markets some way removed from the highly competitive, saturated markets that we now experience in the new

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[5] 4Ps stand for product, price, place, and promotion.

millennium. As one of the features of maturity is the increasing lack of differentiation between products (Table 1), managers are seeking more and better ways to increase the attractiveness of their products and to add value. Relationships, networks and interactions present this opportunity.

As features of individual products become less distinctive – is there really a functional difference between one brand of television or microwave, for example, and another brand? – intangible factors then gain in importance. Hence the management of reputation, the delivery of service, technical support, and advice, and the management not just of the sale, but also of the purchase and owning experience are ways in which firms can differentiate themselves (Grönroos, 2000). Toyota have established an enviable reputation for reliability and satisfaction with their cars (Kotler, 2003) whereas in the area of service-based products First Direct – a telephone banking service in the United Kingdom – is widely acknowledged as one of the best of their type in the world (Christopher, Payne, and Ballantyne, 2002).

Many authors have expressed these ideas by suggesting that marketing has passed through a series of stages or eras (e.g., Brady and Davis, 1993; Dickson, 1992; Webster, 1992). Underlying this is a change in emphasis from transaction marketing to relationship marketing (Gummesson, 1999; Jackson, 1985; Payne, 1995; Sheth and Parvatiyar, 2000). The observed change has led to a discussion, however, as to whether or not the magnitude of change is such as to justify it being described as a paradigm shift (Grönroos, 1994; Gummesson, 1996; Kotler, 1991). Alternatively, the transactional-based view of marketing may simply have to be supplemented with more Ps in addition to the conventional four 4Ps. This represents what is known as the marketing mix plus perspective whereby progress is understood as incremental rather than step-wise. Various supplements to the conventional marketing mix have been proposed, for example customer service, the role of staff, new ways of measuring and managing customer relationships, and service delivery (Brookes, 1988; Gordon, 1998; Judd, 1987). Whilst there are opponents for and against these views, there is widespread agreement that relationship marketing is a new phenomenon.

In the context of maturity that brought about the phenomenon of relationship marketing, few or no new customers are emerging and, indeed, mergers and

acquisitions actually reduce customer numbers and increase the commercial significance of those who remain. The transaction marketing paradigm is, therefore, likely to be less effective since in transaction marketing focus is to gain new customers. In contrast, and as will be seen shortly, relationship marketing early on emphasised the value of retained customers and advocated that firms must be successful in retaining their customers if they are to grow profits and sales (Reichheld, 1996; Reichheld and Sasser, 1990; for a review, see Storbacka, 2000). In summary, then, this brief discussion positions relationship marketing as a contextual response to a changing, largely adverse, mature business environment.

4. Theoretical Propositions: Contemporary Marketing Practice

Due to dramatic changes in the context of marketing − including such changes as physical distance, time, economy, deregulation, globalisation, customer expectations, and new information technology - the way in which marketing is being practiced is changing (Brookes, Brodie, and Lindgreen 2002; Doyle 2000; Hunt 2000; Sheth and Sisodia 1999; Sheth, Sisodia, and Sharma 2000). Although Table 1 has already listed many of the factors that are causing changes in marketing practice the following represent some of the major factors (Brodie, Brookes, and Coviello 2000):

- The increasing emphasis on services and service aspects of products.
- The focus on financial accountability, loyalty, and value management.
- The transformation of organisations.
- The shifts in power and control within marketing systems.
- The increased role of information technology-based interactivity.

The 'contemporary marketing practice' (CMP) research group is one among several research groups that have sought to understand the nature of these changes in marketing's context and practice (Coviello, Brodie, Danaher, and Johnston, 2002).

One finding has been that organisations really increasingly are focusing on attracting, developing, and retaining business, as relationship marketing has called for (e.g., Berry, 1983; Jackson, 1985; Morgan and Hunt, 1994; Wyner, 1999). This is in contrast to transaction marketing that emphasises attracting business, but less so

retaining business (Buttle, 1996; Gummesson, 1999). The rationale is that it can be up to ten times more expensive to win new business than to retain business, and that the cost of bringing a new customer to the same level of profitability as a lost customer can be up to sixteen times more (e.g., Peppers and Rogers, 1993; Rosenberg and Czepiel, 1984). In mature markets retained customers thus have a different and more important strategic value to the firm. The emphasis is at least as much on retaining current customers and, therefore, depriving competitors of the benefit of having them, as it is on attracting new customers with all the costs of acquisition that are entailed (Buttle, 1996).

Another finding is that managers are placing a greater emphasis on managing their marketing relationships, networks, and interactions, both internally with employees and externally with suppliers, customers, and other important markets (Brodie, Coviello, Brookes, and Little 1997; Christopher, Payne, and Ballantyne 1991; Egan 2001; Gummesson 1999; Hunt 2000). Marketing must recognise the diversity of these markets, and develop effective market plans that provide value.

Yet a third finding has been that in many organisations there is a pluralistic approach to marketing and how it is being practiced - with relationship marketing being carried out in conjunction with transaction marketing (e.g., Brodie, Coviello, Brookes, and Little, 1997; Egan, 2001; Lindgreen, Davies, Brodie, and Buchanan-Oliver, 2000; Möller and Halinen, 2000). For example, Lindgreen (2001) and Beverland (2002) found that New Zealand wineries tend not to approach their different customers in a similar marketing manner. Some wineries focus on producing large volumes of wine at a low cost and frequently have to fight for customers, whereas other wineries engage in long-term relationships with their customers. Moreover, they observed that the same winery could deal transactionally with some of its customers and yet relationally with other customers. This has been called having 'a pluralistic approach to marketing' (Brodie, Coviello, Brookes, and Little, 1997).

In an effort to clarify and reconcile the various views of marketing, Coviello and her colleagues (e.g., Brodie, Coviello, Brookes, and Little, 1997; Coviello, Brodie, and Munro, 1997; Coviello, Milley, and Marcolin, 2001) developed a classification scheme that builds upon content analysis of how European and North American

research centres have defined marketing in the literature. The scheme is based upon two themes: transaction marketing and relationship marketing, and these two themes are characterised using (a) five marketing exchange dimensions, see Table 2, and (b) four managerial dimensions, see Table 3.

Take in Table 2 About Here

Take in Table 3 About Here

The two general marketing perspectives of transaction marketing and relationship marketing encompass five distinct types of marketing: transaction marketing, database marketing, e-marketing, interaction marketing, and network marketing. Of importance is that the scheme does not place distinct boundaries between the five types of marketing, and that the different types of marketing are not necessarily independent and mutually exclusive.

As said, the five marketing exchange dimensions and four managerial dimensions characterise each marketing approach. For each of these and other related dimensions Table 4 (from Coviello, Milley, and Marcolin, 20001) provides a pattern-matching with themes from the literature.

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For example, transaction marketing is mainly to attract customers, whereas relationship marketing is primarily to retain customers. Tables 2 and 3 also show that relational-oriented organisations focus less on conventional marketing tools such as the 4Ps and more on internal marketing assets (employee and information technology-based interactivity) and external marketing assets (developing relationships and networks with other organisations). This has importance for the communication pattern that tends to be from the organisation to the mass market in transaction marketing, but between the organisation and individual customers in relational marketing approaches. In the latter case the type of contact also naturally is more personalised and interactive. As can be seen, the framework distinguishes between

four main approaches to relationship marketing depending on how the organisation employs the marketing exchange and managerial dimensions in order to establish relationships, networks, and interactions.

5. Practical Implications: Experiences of European Companies

In the following we will provide real-life examples of how companies have sought to implement each of the different five marketing approaches. We will also examine how in some cases a company is employing a so-called pluralistic approach to marketing.

5.1. Transaction Marketing

The manufacturing of glass is a capital intensive and continuous manufacturing business. The major European manufacturers, Pilkington in the United Kingdom and St Gobain in France, are both global companies. With such high and fixed costs, profitability is significantly dependent upon capacity utilisation and control of production efficiency. The market for glass consists of, and is relatively evenly divided between, the automotive and building/architectural sectors. Whilst relationships are sustained in the glass industry, where there are few manufacturers and relatively few but large customers, there is a very considerable focus to price. As capacity is so expensive, glass manufacturers will attempt to manage the balance between supply and demand. These trade-offs inevitably result in price being used either to fill marginal capacity, or in times of stronger demand to increase margins. Hence the balance of power, the level of investment, and the managerial intent strongly influence the style of marketing in this highly competitive industry. In summary then the overall result is that economic transactions become the purpose of the company's marketing exchanges, and with customer attraction as a key objective the company's sales force naturally plays a pivotal role. The glass manufacturer focuses on the product and brand, and the contact between the company and the customers is mostly impersonal and formal.

5.2. Database Marketing

A large food supply company with interests in France found that it was losing market share due to its outdated product range and sharply increased levels of competition. In order to improve its market position the company developed a new range of ready-to-serve menus and initiated a database marketing system. The company used external marketing agencies to develop new communication material, which was then mailed to prospective customers. Although this represented a substantial investment in marketing, it was still cheaper and more flexible than using the traditional field sales force. Even though this approach lacked personal contact it did enable the company to identify potentially interested new customers who could then form the focus of more intense sales force activity to effectively sell the benefits of its new product range. This was a carefully designed and managed campaign, which successfully generated genuinely new business from a segment of the market that was previously not addressed. As a result the company increased its sales volume by ten per cent, with a margin improvement of approximately five per cent. The company changed its traditional focus to the market based on a clearer understanding of their intentions and the decisions necessary to achieve the objectives. Consequently they were prepared to make the necessary investment in the communication programme. We thus see that when its market share started to dwindle the company changed its marketing exchanges to information and economic transactions. The company focused its communication on targeted segments in order to deliver more personalised customer solutions.

5.3. e-Marketing

The low-cost airlines typified by EasyJet and Ryan Air have demonstrated how the business model can be developed based on operational efficiency and a low-cost route to market. Sophisticated software allows these airlines to offer low cost flights that can be booked over the Internet. The software allows for the price of the flight to be managed against the capacity of the plane. Hence an early booking, when planes are relatively empty, or travelling at an inconvenient time usually means that a very low price is offered. As capacity fills and the fixed and variable costs of the flight are offset then the price starts to rise and can match, or even exceed, the prices offered by

national flag carriers. The market for low-cost airlines continues to develop with Buzz, a subsidiary of the Dutch airline KLM, recently being taken over, whilst new low-cost airlines continue to be established such as Air Berlin in Germany. These businesses dramatically demonstrate how entrepreneurs have been able to change the focus of the business and the way that customers understand airlines, and to utilise the low-cost opportunity to reach the market that is offered by the Internet. This has enabled such companies to reach a much wider range of customers, and communicate with them in a very different way. Although the type of contact is very impersonal with minimal levels of service, this has changed the balance of power within the airline industry. This example shows a company engaging in an information-generating dialogue with its customers. The company uses technology to communicate with its customers, and relationships are enabled through IT. Such relationships are different from transactional ones because they are interactive and no longer impersonal arms-length.

5.4. Interaction Marketing

Gigantic retailers Wal-Mart in the United States and Carrefour in France use everyday low pricing (Kotler, 2001). This means that whilst there are few or no temporary price discounts, everyday prices are low. Consumers often prefer this way of pricing goods, as they have little time for looking out for deals. The retailers interact closely with their suppliers who contribute with unique know-how and production processes.

Together, for example, Procter & Gamble and Wal-Mart have improved their supply chain and thus saved the two companies $30 billion, and boosted mutual profit margins with more than ten per cent. Indeed, a strategic account team from Procter & Gamble is working with Wal-Mart at Wal-Mart's Bentonville headquarters. When employees and managers from across functions and levels in the two companies thus interact it becomes increasingly difficult to distinguish the companies from each other. Through electronic data interchange it is now possible for a retailer like Carrefour to better manage their inventories effectively: on a real-time basis Carrefour's suppliers receive electronic notification of the items that have been sold in the different retailer outlets and they can therefore quickly respond to the retailer's need for additional goods. In this way the system has moved from a push demand to a

pull demand one. In summary, this is a case of two companies where the purpose of marketing exchanges is the creation of interpersonal relationships: together, and through continuous and mutually adaptive relationships, the companies position themselves successfully in the business landscape. In this case, Procter & Gamble and Wal-Mart saved billions of dollars because of improvements in their business operations; in other cases the outcome of such relationships could be improved products or new products.

Less far afield an example of interaction marketing would be the partnership between the two airlines Sabena and Swissair. In contrast to Procter & Gamble - Wal-Mart the partnership between Sabena and Swissair failed because Sabena was undercapitalised and uncompetitive, and its expansion strategy was seriously flawed. Although Sabena was one of Europe's oldest national carriers it eventually crashed and bankrupted on 7 November 2001. Evidence has now come forward that its board of directors throughout most of the period had been passive and politicised, and that terrible blunders had been executed (Gumbel, 2002). That the Sabena – Swissair partnership failed is also interesting because other partnerships in the airline industry have succeeded. In this case the relationships between important stakeholders obviously were far from interpersonal and close as they should have been, and they also were not based upon commitment, trust, and co-operation. Because of this the Sabena – Swissair partnership did not succeed.

5.5. Network Marketing

When faced with the challenge of not being able to work with all 50,000 supplier companies, Toyota decided to work closely with only a small number of so-called system suppliers each of which is responsible for the design and the production of a particular part of a particular Toyota car (Ford, 2002). These system suppliers are supplied from a restricted number of suppliers, so-called second tier suppliers that have standardized, non-adapted components delivered from third-tier suppliers.

One advantage of such a 'spider' supplier network is that it enables a company to deal with literally thousands of suppliers even though it only has direct relationships with very few suppliers (Figure 2). It is key, of course, that management focus is on

seeking an effective coordination between all the suppliers – that took Toyota several decades! Another advantage of supplier networks is that through all of these relationships the many suppliers are able to achieve their strategies because through the supplier-supplier interactions they have gained an understanding and appreciation of the problems that their business partners have to deal with. Yet a third advantage is the systematically co-development of companies meaning that although different resources are embedded in one particular company's operations they are still developed according to the partner company's requirements.

Take in Figure 2 About Here

Distribution networks such as IBM supplying to software houses, joint venture partners, value-added distributors, and dedicated partners are another example of network marketing. The alliances such as Star Alliance and One World in which several airlines compete together is yet a third example of network marketing; in this particular network the airlines' business operations are linked together so that it becomes difficult for a customer to tell whether he is flying Scandinavian Airlines Systems or, in fact, Air New Zealand. Through the examples we see how it is possible for connected companies to compete successfully: such companies focus on developing their position within a network. In the Star Alliance and the One World alliances the airlines seek mutual benefit, resource exchange, and market access – and boundaries between the individual airlines are increasingly being erased.

5.6. Pluralistic Marketing

There is, however, yet another approach to marketing: 'pluralistic approach to marketing'. Consider in the following the Sunlight Travels company (a major European travel company the name of which has been disguised) that deals with multiple market segments and approaches each of these segments differently. In order to capture new customers, or customers who had not thought of leaving for holiday, it regularly displays last-minute deals in its shopping windows (e.g., "Málaga, flight and 7-days accommodation. Two persons. Price only € 150. Departure this Saturday"). Although Sunlight Travels and their operators make very little money, if any, it is

hoped that through offering these travels customers are discouraged from seeking the company's competitors – and in the long run these customers may even become regular customers. Sunlight Travels have established relationships that are more relational with other market segments. For example, a key account manager has been assigned each of the large international consulting and construction development companies that revenue-wise constitute some of the most important customers. The account manager is the connecting link between the travel company and the customers. Lastly, Sunlight Travels engage in network marketing activities. When booking their travel, some customers want not only the flight and accommodation. Instead they seek the whole package including flight, accommodation, excursions, tickets for opera and musical performances, car rental, and insurance. Because of this the travel company works professional with other companies that can help fulfilling these customer needs.

This example shows that because it is prudent to approach each market segment with the approach, which best delivers what is required, the company ends up employing a set of different marketing activities. It is also entirely possible, of course, that at times the company will sell a last-minute trip to Customer A who nevertheless is a long-retained customer going on his annual four-week Caribbean Sea cruise with his wife for the past 15 years, which in turn means that a long-term relationship has been built between Customer A and Sunlight Travels. Figure 3 is an attempt to summarise this discussion. As can be seen from the figure, the there is a strong positive association between transaction marketing and database marketing, as transaction marketing is often combined with database marketing in one way or another. In contrast, there is only little positive association between transaction marketing and network marketing, and the association between transaction marketing on the one hand and e-marketing and interaction marketing on the other hand is strong negative. It is interesting to note that all four types of relational marketing are positively associated with each other – the different types of relationship marketing seek to build stronger relationships with important stakeholders and therefore it is understandable that the approaches frequently are combined with each other.

Take in Figure 3 About Here

The pluralistic approach is accordance with recent research. Brodie, Coviello, Brookes, and Little (1997) investigated current marketing practice in New Zealand using a survey of 134 firms and four cases studies. (At the time of the research, the authors did not include e-marketing, as it had not yet been conceptually developed.) Their results did not find support for a complete paradigm shift in marketing to relationship marketing. Rather, their findings supported the notion that transaction marketing is still relevant, and that many businesses practice transaction marketing concurrently with various types of relational marketing.

6. Pedagogical Contributions

As we have seen, European companies are realising that relationship marketing has a lot to offer. Interestingly, in many business schools and university management departments the subject of marketing is now taught from a relationship marketing perspective. Recent theoretical and empirical research shows that traditional marketing is not enough, and that other aspects of marketing need to be taken into account. However, it appears as if many European management/marketing schools and university departments to a large extent still rely on textbooks that do not take these aspects into consideration and only consider the 4Ps and, thus, conventional marketing. Even if textbooks make the distinction between transaction and relationship marketing they often proceed to describe marketing practice as defined under the transactional marketing paradigm. Consequently, those responsible for teaching marketing at degree level continue to specify the traditional textbooks on marketing for their courses since these give a broad coverage of marketing management.

However, relationship marketing, as we have seen, builds for strong long-term relationships with important stakeholders and this becomes a competitive advantage to the company. Therefore, in the long run the marketing textbooks that students will read should be written from a relationship marketing perspective, but at the same time give broad coverage of core marketing principles and models. There is a sign, though, that this has begun to happen, and we therefore find ourselves in a situation where marketing educators are stressing the relationship marketing orientation of their

courses, but whilst the supporting textbooks may make reference to relationship marketing they have, in the main, a traditional marketing content.

The example of what the Emory Business School at Emory University in Atlanta is seeking to do is illustrative. Cannon and Sheth (2000) note that in recent years students and the business community have increasingly critised business schools and their curriculum content,[6] teaching methods and pedagogy,[7] and the relevance of academic research.[8] As we have seen, however, companies are understanding the advantages of relationship marketing and "are shifting their attention from the single-minded acquisition of new customers to a greater focus on the retention of current customers" (Cannon and Sheth, 2000: p. 590). This is why the Emory Business School has now begun to teach the subject of marketing from a relationship marketing perspective in such a way that the relevance and quality of teaching and research in relationship marketing supports students, faculty, and the business community (Cannon and Sheth, 2000). Table 5 outlines the curriculum from the Emory Business School that has 17 typical marketing courses in a relational marketing management curriculum. Each of these courses will cover aspects that are relevant to relational marketing management.

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We thus notice that relationship marketing is a theme that runs through all the marketing courses. Consider, for example, the course *Foundations of Relationship Marketing* that introduces the concepts and principles of relationship marketing such as the importance of inter- (developed further in the course *Customer Business Development*) and intra-organisational (developed further in the course *Internal Relationships*) relationships. We also see that the curriculum fosters a partnership between students, faculty, and the business community: as part of the curriculum, a student will do an internship with one of the sponsoring companies, and will be monitored and supported by a faculty member. All three parties benefit from this

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[6] Byrne (1993), Mason (1992), Porter and McKibbin (1988), and Sheth (1988); see Cannon and Sheth (2000) for a thorough discussion.
[7] Hotch (1992).
[8] Behrman and Levin (1984), Byrne (1990), Stanton (1988), and Walle (1991); see Cannon and Sheth (2000) for a thorough discussion..

experience. The student gets hands-on experience, and the faculty members gain contacts and insight into current marketing practice that they can bring into the classroom. At the same time, the companies have students (but also the faculty members to a certain extent) to work on a marketing problem that is relevant to them, and the students' methodological through analysis of the marketing problem will be useful to guide their marketing decisions.

It is possible in the curriculum to provide students with opportunities to build and develop their leadership, team-building, and communication skills. For example, different group projects require students to work in teams, and to practice leadership skills; as well as to communicate with each other, also in writing and presenting the results of these projects. Again, it is possible to reach these objectives at the same time as relationships are created with the business community, and real-world issues are tackled. Student groups can thus work on finding a solution to the challenge(s) a local company is facing, and communicate the findings at the end of the process.

7. Conclusions

Many factors are causing profound changes in marketing practice. From having focused initially on gaining new customers, marketing is thus now more preoccupied with retaining existing customers. This paper has discussed the efforts to clarify and reconcile the various views of marketing, as well as the development of a classification scheme, which builds upon two themes, transaction marketing and relationship marketing, that together cover five distinct marketing approach. In order to characterise each of these approaches five marketing exchange dimensions and four managerial dimensions are employed. The marketing classification scheme helps students to understand the essential characteristics of transaction marketing, database marketing, e-marketing, interaction marketing, and network marketing. To this end the paper provides the reader with examples of how (mainly European) companies have implemented a particular marketing approach. The described situation gives rise to a unique opportunity to use the classification scheme, which Coviello and her colleagues have developed, and to have it sit alongside a traditional marketing textbook and, thereby, underpin the course designers' claim to have a relationship marketing orientation.

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The figure shows a timeline graph with an S-curve. The horizontal axis is labeled with:

1920s /
1930s   1950s   1970s   2000

Two ellipses appear on the graph:

*TRANSACTIONAL
MARKETING
focus to
customer gain*

*RELATIONAL
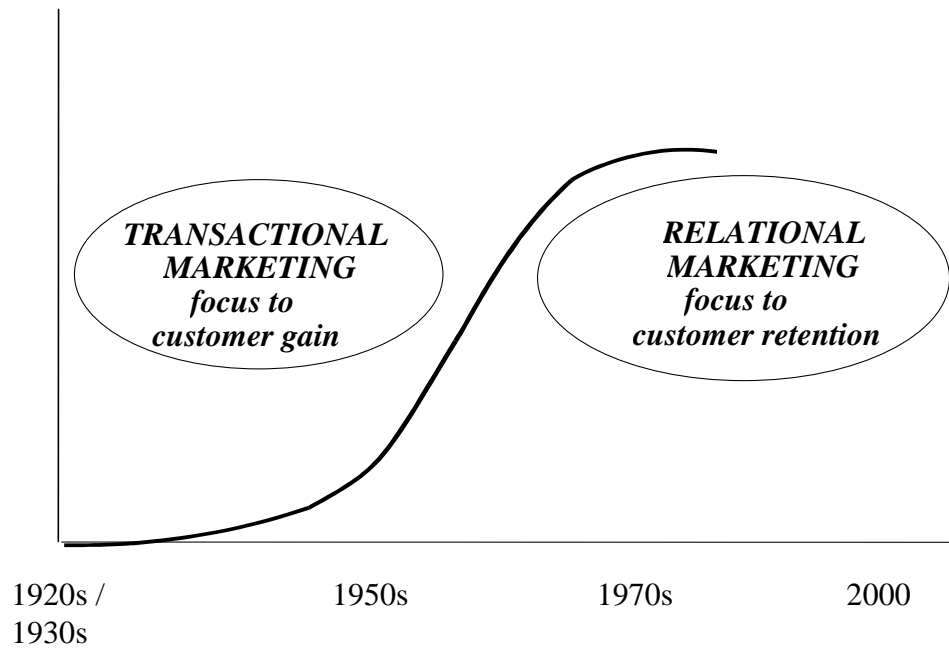MARKETING
focus to
customer retention*

Figure 1. The lifecycle of marketing as a business function

Notes: In the 1920s and 1930s: emergence of marketing as a business function. In the late 1940s and through the 1950s: post-war consumer boom. In the 1970s: a series of oil crises. From the 1980s and onwards: decline of functional marketing, and increasing significance of relationship marketing.
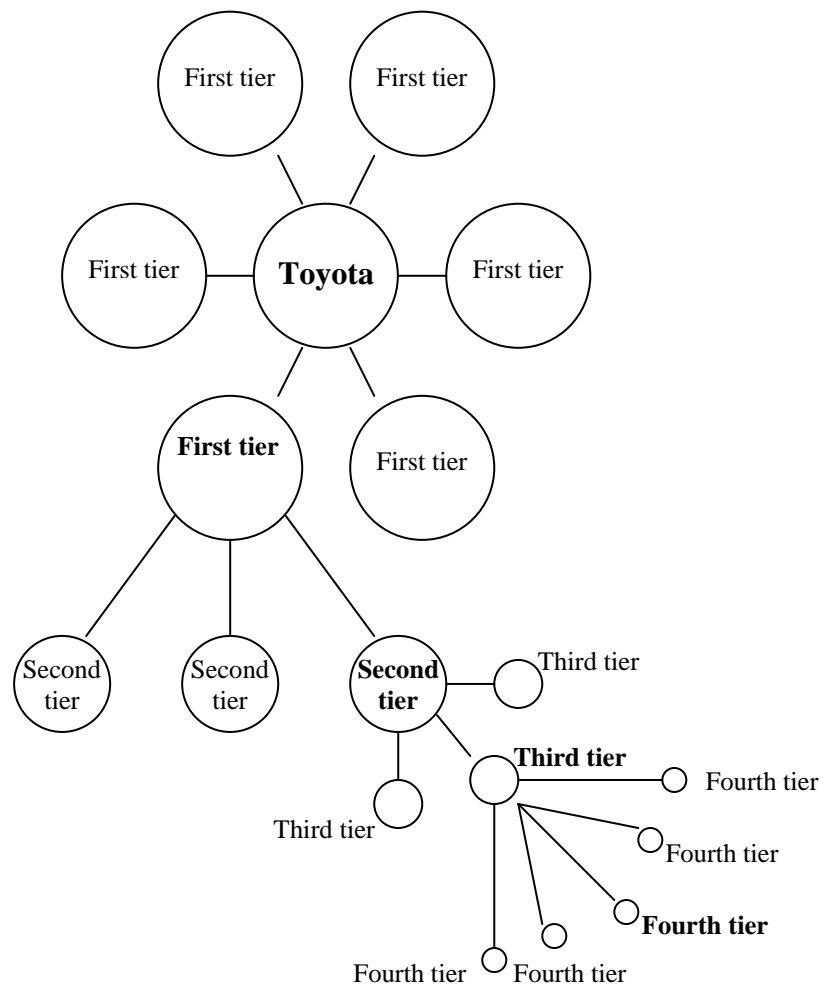
Figure 2. Toyota's extended supplier network

Source: Ford, D. (2002), *The Business Marketing Course: Managing in Complex Networks*, Wiley & Sons, Chichester, p. 31.

Transaction marketing, e.g. last-minute deals in shopping windows

+ + +

+ / - -

Database marketing, e.g. updated lists of previous and current customers

+ / -   + / -

SUNLIGHT TRAVELS

-

Network marketing, e.g. car rental companies, insurance companies, etc.

+ +

+

+

+ +

e-Marketing, e.g. booking via the Internet

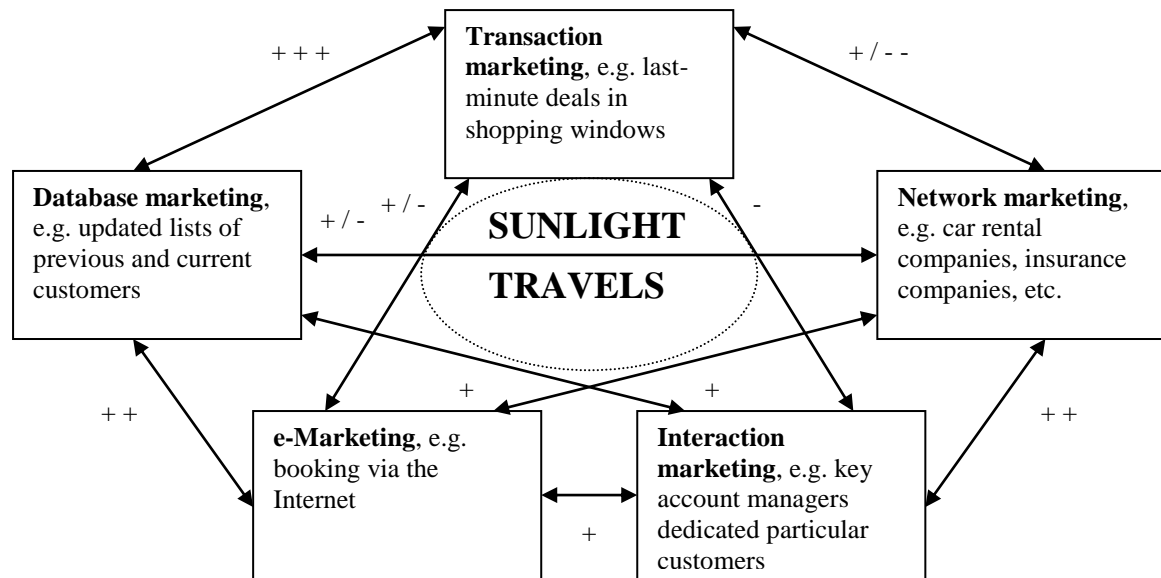**Interaction marketing**, e.g. key account managers dedicated particular customers

+

Figure 3. Sunlight Travels' pluralistic approach to marketing

Note: + means that there is often a positive relationship between the two approaches, whilst − means that there is often a negative relationship between the approaches. The more + (or -) the stronger (the weaker) the relationship is; + / - means that the relationship is not clear.

Table 1. Factors important in maturity

Author	Factors
Aijo (1996)	- Transition from post-industrial/service economy to information economy - Maturing industries and lower growth rates - Deregulation - Increased competition - Importance of customer retention - Technological innovation - Developments in computers and telecommunications - Increased rate of change - Increased affluence
Denison and McDonald (1995)	- Internationalisation - Deregulation - Increasing customer sophistication - Shift in channel power - Market maturity - Increasing importance of processes - Increasing importance of time-based competition
Doyle (1995)	- Changing business environment - Technological change - International competition on price and quality
Grönroos (1994)	- Globalisation - Importance of customer relations - Role of market economics
Hunt and Morgan (1994)	- Collapse of socialism - Triumph of market economy and capitalism - Technology - Communications - Knowledge and skills as competitive advantage
Sheth and Parvatiyar (1995)	- Technological change, especially IT - Adoption of total quality programmes - Growth of the service economy - Empowerment of individuals and teams - Increase in competitive intensity - Importance of customer retention
Tapscott and Caston (1993)	- Higher staff productivity - Higher quality expectations - Customers demand better, quicker response - Globalisation - Outsourcing - Alliances and partnerships - Employee empowerment - Higher awareness of social and environmental responsibility
Turnbull, Ford, and Cunningham (1996)	- Market concentration - Customers perception of risk and need to reduce it - Switching costs - Loyalty to supplier

Table 2. Types of marketing classified by marketing exchange dimensions

	Transactional perspective	Relational perspective			
	Type: transaction marketing	Type: database marketing	Type: e-marketing	Type: interaction marketing	Type: network marketing
Purpose of exchange	Economic transaction	Information and economic transaction	Information-generating dialogue between a seller and many identified buyers	Interpersonal relationships between a buyer and seller	Connected relationships between firms
Nature of communication	Firm 'to' mass market	Firm 'to' targeted segment or individuals	Firm using technology to communicate with and among many individuals (who may form groups)	Individuals 'with' individuals (across organisations)	Firms 'with' firms (involving individuals)
Type of contact	Arms-length, impersonal	Personalised (yet distant)	Interactive (via technology)	Face-to-face, interpersonal (close, based on commitment, trust, and co-operation)	Impersonal – interpersonal (ranging from distant to close)
Duration of exchange	Discrete (yet perhaps over time)	Discrete and over time (occasional yet personalised)	Continuous (but interactivity occurs in real time)	Continuous (ongoing and mutually adaptive, may be short or long term)	Continuous (stable yet dynamic, may be short or long term)
Formality in exchange	Formal	Formal (yet personalised via technology)	Formal (yet customised and/or personalised via interactive technology)	Formal and informal (i.e., both a business and social level)	Formal and informal (i.e., both a business and social level)

Source: Coviello, Brodie, and Munro (1997: p. 387) and Coviello, Milley, and Marcolin (2001: p. 28)

Table 3. Types of marketing classified by managerial dimensions

	Transactional perspective	Relational perspective			
	Type: transaction marketing	Type: database marketing	Type: e-marketing	Type: interaction marketing	Type: network marketing
Managerial intent	Customer attraction (to satisfy the customer at a profit)	Customer retention (to satisfy the customer, increase profit, and attain other objectives, such as increased loyalty, decreased customer risk)	Creation of IT-enabled dialogue	Interaction (to establish, develop, and facilitate a co-operative relationship for mutual benefit)	Co-ordination (interaction between sellers, buyers, and other parties across multiple firms for mutual benefit, resource exchange, market access etc.)
Managerial focus	Product or brand	Product/brand and customers (in a targeted market)	Managing IT-enabled relationships between the firm and many individuals	Relationships between individuals	Connected relationships between firms (in a network)
Managerial investment	Internal marketing assets (focusing on product/service, price, distribution, and promotion capabilities)	Internal marketing assets (emphasising communication, information, and technology capabilities)	Internal operational assets (IT, website, logistics); functional systems integration	External market assets (focusing on establishing and developing a relationship with another individual)	External market assets (focusing on developing the firm's position in a network of firms)
Managerial level	Functional marketers (e.g., sales manager, product development manager)	Specialist marketers (e.g., customer service manager, loyalty manager)	Marketing specialists (with technology specialists, senior managers	Employees and managers (from across functions and levels in the firm)	Senior manager

Source: Coviello, Brodie, and Munro (1997: p. 388) and Coviello, Milley, and Marcolin (2001: p. 28)

Table 4. Pattern-matching dimensions of the framework with themes from the literature

Dimension	Related themes	Marketing characteristics	Source of pattern-matching classification
Purpose of exchange	Dialogue Customer information Individuals/particular customers	Information-generating dialogue between a seller and many identified buyers	Day (1998), Deighton (1996), Ghosh (1998), Hagel (1999), Iacobucci (1998), Parsons, Zeisser, and Waitman (1998), Webster (1996)
Nature of communication	Technology Communication/interaction 'with' or 'between' customers individuals/particular customers	Firm using technology to communicate 'with' and 'among' many individuals (who may form groups)	Hagel (1999), Iacobucci (1998), Iacobucci and Hibbard (1999), McKenna (1997), McWilliam (2000), Parsons, Zeisser, and Waitman (1998), Peppers and Rogers (1997), Webster (1996)
Type of contact	Interactive Technology	Interactive (via technology)	Haeckel (1998), Iacobucci (1998), Iacobucci and Hibbard (1999), Parsons, Zeisser, and Waitman (1998)
Duration of exchange	Real time	Continuous but interactivity occurs in real time	Day (1998), Iacobucci (1998), McKenna (1997)
Formality of exchange	Personalisation Addressability Customisation Technology	Formal (yet customised and/or personalised via interactive technology)	Day (1998), Deighton (1996), Ghosh (1998), Iacobucci (1998), McKenna (1997), Parsons, Zeisser, and Waitman (1998), Webster (1996)
Managerial intent	Technology Interactive dialogue	Creation of IT-enabled dialogue	Deighton (1996), Haeckel (1998), Hagel (1999), Levin (1996), McKenna (1997), Peppers and Rogers (1997)
Managerial focus	Technology Individuals/particular customers	Managing IT-enabled relationships between the firm and many individuals	Parsons, Zeisser, and Waitman (1998)
Managerial investment	Technology Integrated operations	Internal operational assets (IT, Website, logistics) Functional systems integration	Day (1998), McKenna (1997), Parsons, Zeisser, and Waitman (1998), Peppers and Rogers (1997), Webster (1996)
Managerial level	Integrated operations	Marketing specialists (with) technology specialists and senior managers	McKenna (1997), Parsons, Zeisser, and Waitman (1998), Webster (1996)

Source: Coviello, Milley, and Marcolin (2001, p. 27)

Table 5. Typical marketing courses in a relational marketing curriculum

	Marketing: a relationship perspective				
Course	Foundations of relationship marketing	Marketing strategy	Customer behavoiur	International marketing	Marketing research
Topics	Internal relationships Customer business development	Marketing planning and implementation Integrated marketing communications	Key account management Integrated distribution management Direct marketing	Global sourcing Global alliances	Measuring customer satisfaction Database marketing

Source: Adapted from Cannon and Sheth (2002)